

**Illinois Department of Revenue
Regulations**

Title 86 Part 150 Section 150.1101 General Information

TITLE 86: REVENUE

**PART 150
USE TAX**

SUBPART J: TRADED-IN PROPERTY

Section 150.1101 General Information

- a) The "selling price", which is subject to the Use Tax when a sale at retail is made, includes the consideration for the sale valued in money whether received in money or otherwise, including cash, credits, property other than as hereinafter provided, and services, but not including the value of or credit given for traded-in tangible personal property where the item that is traded-in is of like kind and character as that which is being sold, and shall be determined without any deduction on account of the cost of the property sold, the cost of materials used, labor or service cost or any other expense whatsoever. "Selling price" does not include charges that are added to prices by sellers on account of the seller's tax liability under the Retailers' Occupation Tax Act, or on account of the seller's duty to collect, from the purchaser, the tax that is imposed by the Use Tax Act, or on account of the seller's tax liability under the Non-Home Rule Municipal Retailers' Occupation Tax, the Home Rule Municipal Retailers' Occupation Tax, the Home Rule County Retailers' Occupation Tax, Metro East Mass Transit District Retailers' Occupation Tax, County Water Commission Retailers' Occupation Tax or Regional Transportation Authority Retailers' Occupation Tax.
- b) The phrase "like kind and character" includes, but is not limited to, the trading of any kind of motor vehicle on the purchase of any kind of motor vehicle, or the trading of any kind of farm implement on the purchase of any kind of farm implement, while not including a kind of item which, if sold at retail by that retailer, would be exempt from Retailers' Occupation Tax and Use Tax as an isolated or occasional sale.
- c) A motor vehicle traded to a farm implement dealer for a farm implement would not qualify for the exemption unless such farm implement dealer is also a motor vehicle dealer because the farm implement dealer's sale of the motor vehicle would be exempt as an isolated or occasional sale. A farm implement traded to a motor vehicle dealer for a motor vehicle would not qualify for the exemption unless such dealer is also a farm implement dealer because the motor vehicle dealer's sale of the farm implement would be an exempt isolated or occasional sale. A farm implement traded for a motor vehicle, or a motor vehicle traded for a farm implement, would qualify for the exemption if the seller is engaged in business both as a motor vehicle dealer and a farm implement dealer. Agricultural produce or animals traded for a motor vehicle or for a farm implement would not qualify for the exemption.

- d) The real test is whether the retail sale of the traded-in tangible personal property by the person who accepted it in trade would be subject to Use Tax, or whether such sale would be exempt as an isolated or occasional sale. In the former event, the tangible personal property qualifies for the trade-in exemption. In the latter event, it does not.
- e) No purchase of tangible personal property at retail from a person engaged in the business of selling that kind of property shall be deemed to be exempt from the Use Tax by reason of the fact that the tangible personal property which is being purchased was acquired by the seller as a trade-in, rather than being purchased by the seller. The Use Tax applies to used tangible personal property (however acquired by the seller who is engaged in the business of selling that kind of property), as well as to new tangible personal property, as long as the sale is being made at retail by a person engaged in the business of selling that kind of property.

(Source: Amended at 15 Ill. Reg. 5861, effective April 5, 1991)